

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Financial Statements**  
**Three months ended March 31, 2006**

Pan Caribbean reported Net Income of \$275 Million (EPS = \$0.51) for the three-month period ended March 31, 2006, identical to that reported for the similar period last year.

Net interest income fell marginally by 1.6% to \$360 Million from \$366 Million. Other operating income rose 18% to \$175 Million from \$149 Million, reflecting higher income from securities trading and foreign exchange translation gains.

Non-interest expenses increased 14% to \$192 Million compared to \$168 Million for the prior year. This increase is attributed to increase staff costs as we position the company for growth. Non-interest expenses were also impacted by higher depreciation charges and project related expenses. We also sought to deepen our community involvement by continuing to host the Sigma Corporate Run, which benefited the Labour Ward of the University Hospital of the West Indies.

The consolidated balance sheet grew by 8% to \$42.6 Billion in total assets compared to \$39.6 Billion at December 2005, an increase of \$3.0 Billion. This growth resulted from our investing activities (purchase of investment securities) during the quarter. Credit quality continues to improve as non-performing loans accounted for 0.4% of total assets versus 0.5% at December 2005, and 3.4% of the credit portfolio compared to 3.7% at December 2005. Non-performing loans have been fully provided for as required by our regulators. PCFS intends to expand both investment assets and its loan portfolio during the year in order to fuel interest income. PCFS' Equity has improved to \$6.5 Billion compared to \$6.1 Billion at year-end December 2005.

Subsequent to the quarter we received regulatory approval from the Bank of Jamaica and the Ministry of Finance to convert our merchant bank license to a commercial bank license.



Richard O. Byles  
Chairman



Donovan H. Perkins  
President & CEO

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**Note**

These financial statements have been prepared in accordance with International Financial Reporting Standards.

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Summary of Consolidated Profit & Loss Account**  
**Period ended March 31, 2006**

	<b>3 Months to Mar 2006 \$'000</b>	<b>3 Months to Mar 2005 \$'000</b>
<b>Revenues</b>		
Interest income	1,112,453	1,169,594
Interest expense	<u>752,185</u>	<u>803,691</u>
Net interest income	360,268	365,903
Other operating income	<u>175,244</u>	<u>149,098</u>
Net revenue	535,512	515,001
<b>Expenses</b>		
Non-interest expenses	<u>191,854</u>	<u>167,837</u>
	343,658	347,164
Share of profit of associate	<u>1,702</u>	<u>-</u>
	345,360	347,164
Taxation	<u>(70,692)</u>	<u>(73,176)</u>
Net profit	<u><u>274,668</u></u>	<u><u>273,988</u></u>
Earnings per share		
Average shares in issue	537,707,964	536,166,445
EPS	\$0.51	\$0.51
Diluted EPS	\$0.50	\$0.50

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Summary of Consolidated Balance Sheet**  
**March 31, 2006**

	Un-audited Mar 2006 \$'000	Un-audited Mar 2005 \$'000	Audited Dec 2005 \$'000
<b>ASSETS</b>			
Cash resources	693,787	993,935	1,136,721
Trading securities	1,130,649	3,412	717,697
Reverse repurchase agreements	2,610,184	3,775,033	1,986,854
Available for sale securities	31,652,939	29,296,493	29,652,147
Loans and leases	4,654,705	3,759,315	5,019,159
Goodwill	733,750	760,010	733,750
Other assets	1,115,534	1,056,541	700,034
	42,591,548	39,644,739	39,946,362
<b>LIABILITIES</b>			
Due to financial institutions	1,385,668	1,061,020	1,384,255
Customers deposits	3,901,445	3,477,000	4,203,475
Securities sold under agreements to repurchase	30,122,216	27,906,453	27,775,290
Other liabilities	674,615	1,259,079	434,536
Total liabilities	36,083,944	33,703,552	33,797,556
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	537,708	537,708	537,708
Share option reserve	23,420	7,500	20,420
Share premium	2,460,108	2,460,108	2,460,108
Other reserves	258,443	369,840	258,442
Retained earnings	2,738,599	1,792,936	2,463,931
	6,018,278	5,168,092	5,740,609
Fair value reserve	366,093	620,697	287,069
Loan loss reserve	123,233	152,398	121,128
	6,507,604	5,941,187	6,148,806
	42,591,548	39,644,739	39,946,362

**Contractual off-balance sheet commitments to extend credit to customers were \$250 Million compared to \$153 Million for the prior year (December 2005 - \$217 Million).**

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Statement in Changes of Shareholders' Equity**  
**Period ended March 31, 2006**

	<b>3 Months to Mar 2006 \$'000</b>	<b>3 Months to Mar 2005 \$'000</b>
Equity at beginning of the period	6,148,806	5,748,379
Net profit for the period	274,668	273,988
Shares issued	-	1,716
Share Options Reserve	3,000	7,500
Premium on shares issued	-	15,450
Movement in fair value reserve	79,025	(98,971)
Movement in loan loss reserve	2,105	(6,875)
	<u>6,507,604</u>	<u>5,941,187</u>

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Consolidated Cash Flows**  
**Period ended March 31, 2006**

	<b>3 Months to Mar 2006 \$'000</b>	<b>3 Months to Mar 2005 \$'000 *</b>
<b>Cash resources were provided by/(used in):</b>		
<b>Cash flow from operating activities</b>		
Net profit	274,668	273,988
Items not affecting cash	9,499	18,191
Net non-cash working capital changes	(181,957)	36,295
Cash provided by operating activities	102,210	328,474
<b>Cash flow (used in)/provided by investing activities</b>		
	(4,542,833)	1,922,163
<b>Cash flow provided by/(used in) financing activities</b>		
	2,103,641	(1,410,554)
<b>Increase in cash resources</b>	(2,336,982)	840,083
<b>Cash and equivalents at beginning of period</b>	4,308,496	2,095,484
<b>Cash and equivalents at end of period</b>	1,971,514	2,935,567
 <b>Represented by</b>		
Cash	646,809	929,644
Investment Securities	1,324,705	2,005,923
	1,971,514	2,935,567

\* The comparative numbers have been restated to reflect the inclusion of investment securities (with less than 90 days maturity from date of acquisition) as part of cash equivalents. Cash resources for the purposes of the cash flow statement do not include Bank of Jamaica Reserves of \$46,978 (Mar 2005 - \$64,291), which is not available for meeting short-term cash commitments.

**Pan Caribbean Financial Services Limited & its Subsidiaries**  
**Un-audited Segment Report**  
**Period ended March 31, 2006**

**Quarter ended March 31, 2006**

	<b>Development Banking</b>	<b>Investment Management</b>	<b>Merchant Banking</b>	<b>Other</b>	<b>Eliminations</b>	<b>Group</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Operating Revenue	107,852	951,603	217,482	33,058	(22,298)	1,287,697
Segment Results	32,895	203,410	97,167	11,888	-	345,360
Taxation						(70,692)
						274,668
Segment Assets	1,521,139	33,578,452	6,678,750	138,911	(59,454)	41,857,798
Goodwill		332,479	322,518	78,753	-	733,750
	1,521,139	33,910,931	7,001,268	217,664	(59,454)	42,591,548
Segment Liabilities	1,128,119	31,108,535	3,877,498	37,956	(68,164)	36,083,944

**Quarter ended March 31, 2005 \***

	<b>Development Banking</b>	<b>Investment Management</b>	<b>Merchant Banking</b>	<b>Other</b>	<b>Eliminations</b>	<b>Group</b>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Operating Revenue	79,921	974,688	242,688	58,578	(37,183)	1,318,692
Segment Results	20,758	207,378	71,080	47,948	-	347,164
Taxation						(73,176)
						273,988
Segment Assets	1,592,005	30,289,459	6,527,111	584,302	(108,148)	38,884,729
Goodwill		332,479	322,518	105,013		760,010
	1,592,005	30,621,938	6,849,629	689,315	(108,148)	39,644,739
Segment Liabilities	960,527	28,383,652	4,015,682	457,149	(113,458)	33,703,552

Other operations include Pan Caribbean Asset Management Limited, Manufacturers Investment Limited and Pan Caribbean Investments Limited.

\* Comparative numbers have been restated to exclude contractual off-balance sheet commitments to customer to extend credit (Mar 2005 - \$153 Million)